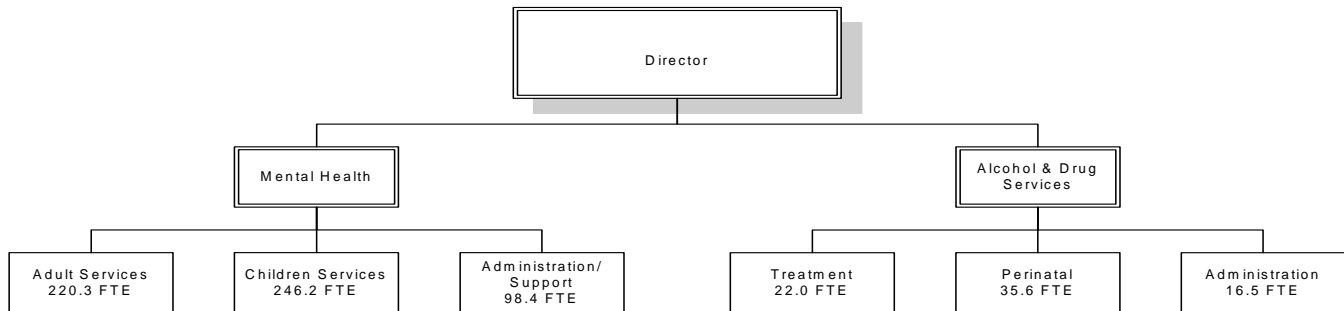


BEHAVIORAL HEALTH

DESCRIPTION OF MAJOR SERVICES

The Department of Behavioral Health will help individuals living with the problems of mental illness and substance abuse to find solutions to challenges they face so that they may function well within their families and the community. The Department of Behavioral Health staff will be sensitive to and respectful of all clients, their families, culture and languages. The Department of Behavioral Health will use the taxpayers' money wisely to meet its goals while following all governmental guidelines and requirements. The Department of Behavioral Health will provide a pleasant workplace for its staff members so that they may be creative and effective in their jobs. The Department of Behavioral Health will provide a pleasant environment for clients in which to receive services.

ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

2004-05					
	Appropriation	Revenue	Local Cost	Fund Balance	Staffing
Behavioral Health	110,521,180	108,678,427	1,842,753		565.9
Alcohol and Drug Services	20,577,850	20,428,392	149,458		74.1
Special Patient Account	3,496	1,760		1,736	-
Driving Under the Influence Prog.	332,847	111,254		221,593	-
State Block Grant Carryover Prog.	3,783,547	1,525,000		2,258,547	-
Court Alcohol and Drug Fines	972,682	420,000		552,682	-
TOTAL	136,191,602	131,164,833	1,992,211	3,034,558	640.0

Behavioral Health

DESCRIPTION OF MAJOR SERVICES

The Department of Behavioral Health (DBH) is responsible for providing mental health services to county residents who are either unable to afford treatment or do not live in proximity to private services. Treatment is provided to all age groups, with primary emphasis placed on treating children, families and chronically mentally ill adults (in that priority). Services are delivered throughout the county via a network of department-operated clinics, community based contract providers (residential and psychiatric skilled nursing facilities and acute hospitals), public schools, and other community based settings. Services include: information and referrals, community outreach, client self-help and support groups, a variety of children's programs, mentally ill homeless program, employment services, case management, crisis and transitional residential assistance, augmented board and care placements, conservatorship services, supportive housing services and client transportation assistance. The department also operates as a training setting by administering various internship programs and offering continuing education for licensed department and contractor staff.

Mental health services are principally funded by realignment funds generated from state sales tax and vehicle license fees (44%), state revenues (4%) and federal revenue (45%). The remaining seven percent of revenue sources are insurance/patient fees, reimbursements, other miscellaneous revenue, and local cost MOE. The local cost of \$1,842,753 represents the required realignment revenue maintenance of effort (MOE).



BUDGET AND WORKLOAD HISTORY

	Actual 2002-03	Budget 2003-04	Estimate 2003-04	Proposed 2004-05
Total Requirements	117,341,111	121,296,698	114,456,772	110,521,180
Departmental Revenue	115,498,359	119,453,945	112,614,019	108,678,427
Local Cost	1,842,752	1,842,753	1,842,753	1,842,753
Budgeted Staffing		686.2		565.9

Workload Indicators

Direct billable hours: Clinic	242,418	202,754	209,422	226,811
Direct billable hours: Contract	107,684	68,104	118,796	99,486
Direct billable hours: Fee for service	34,220	24,205	32,617	32,617
Medical Administrative Activity hours	33,087	33,496	33,283	34,579
Quality Assurance hours	15,532	8,120	29,924	18,638
Outreach hours clinic & contract	84,865	75,764	9,308	8,993
Day treatment hours: Habilitative (clinic & contract)	56,692	-	27,977	27,676
Day treatment hours: Intensive	59,639	20,800	62,961	20,960

Variances between estimated and budget for 2003-04 existed in salaries and benefits, contract agency costs, transfers, reimbursements, and realignment.

In an effort to reduce the use of Realignment fund balance to cover ongoing expenditures, DBH held many positions vacant throughout the year resulting in salary savings. Furthermore, the decrease in services and supplies is due primarily to aggressive efforts to reduce general office expenses and equipment purchases, reduced contracted services, and postponement of a new Medical Information System implementation. As a result of these efforts, the realignment draw decreased by \$7.0 million.

Variance in transfers is due to the elimination of the Children's System Of Care (CSOC) program funded by a state grant, which reimbursed the Department of Public Health and the Department of Child Support for their services.

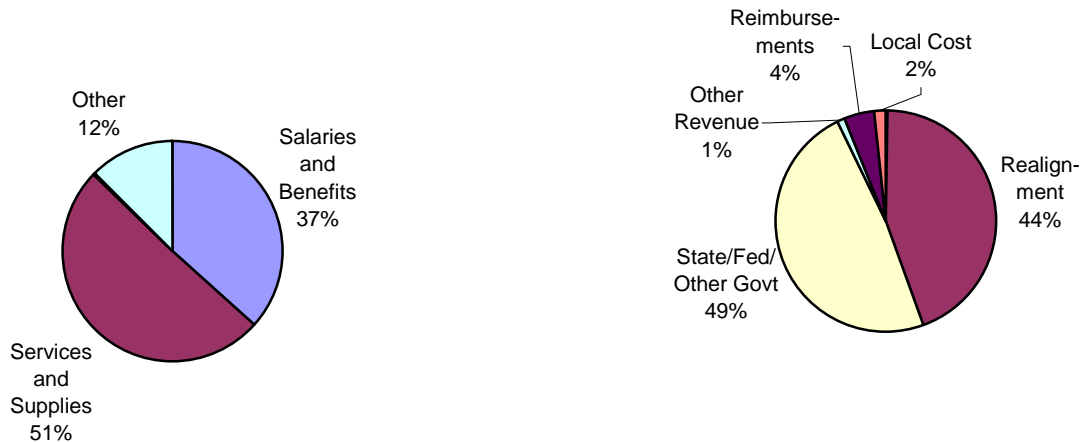
The variance in reimbursements is due to unspent CalWorks allocation funds. The department continues its efforts to maximize this funding source.

Workload indicators variances between estimated and budget for 2003-04 existed in the following areas:

- Direct billable hours — Clinics and Contracts: The 2003-04 budget of 68,104 for Contract Billable Hours was understated as it did not include an estimate for contracted services approved in January of 2003. The revised 2003-04 Budget Contract Billable Hours is 118,796. The 2004-05 budget reflects a shift of services from contract providers to existing DBH clinics.
- Direct billable hours – Fee for service (FFS): This network continues to increase, as does the demand for services. However, the Department will be implementing new procedures aimed at lowering costs in the FFS network and improving continuum of care to clients through other DBH sponsored programs. The 2004-05 workload indicators are projected at no increase, as it is believed that any growth will be offset by the changes outlined above.
- Quality Assurance: The 2003-04 budget of 8,120 was in error due to a data extraction problem. The corrected amount is 17,396. The estimated hours reflect a one-time increase as a result of a special project. This project has been completed and the 2004-05 budget reflects the decrease.
- Outreach hours: The variance is primarily due to changes made to the Department's service delivery system. Outreach services are non-billable and are nearly 100% realignment funded. Staff providing these services were re-directed to clinics providing billable services or grant funded programs. The methodology used in capturing this information was also changed, which contributes to the large variance.
- Day Treatment (Day Tx): The 2003-04 budget included plans to shift from habilitative Day Tx to Intensive. However, only approximately 50% occurred, creating a variance in both categories. In addition, the 2003-04 budget for intensive day treatment was understated, as it did not include contracted services and should be revised to 62,961. The 2003-04 estimated workload indicator for Intensive Day Tx reflects a slight increase over 2002-03 actual services. However, the 2004-05 indicators reflect the reduction expected when contracts are restructured or eliminated.



2004-05 BREAKDOWN BY EXPENDITURE AUTHORITY 2004-05 BREAKDOWN BY FINANCING SOURCE



GROUP: Administrative/Executive
DEPARTMENT: Behavioral Health
FUND: General

BUDGET UNIT: AAA MLH
FUNCTION: Health & Sanitation
ACTIVITY: Hospital Care

ANALYSIS OF 2004-05 BUDGET

	A	B	C	D	E	B+C+D+E F	G	F+G H
	2003-04 Year-End Estimates	2003-04 Final Budget	Cost to Maintain Current Program Services (Schedule A)	Board Approved Adjustments (Schedule A)	Impacts Due to State Budget Cuts (Schedule B)	Board Approved Base Budget	Department Recommended Funded Adjustments (Schedule C)	2004-05 Proposed Budget
Appropriation								
Salaries and Benefits	43,021,052	45,927,158	2,878,579	85,930	-	48,891,667	(6,581,152)	42,310,515
Services and Supplies	60,229,976	63,460,816	540,444	1,630,710	-	65,631,970	(7,121,719)	58,510,251
Central Computer	407,902	407,902	115,529	-	-	523,431	-	523,431
Other Charges	3,910,325	4,104,225	-	-	-	4,104,225	(72,474)	4,031,751
Transfers	4,034,558	4,750,339	-	(246,375)	-	4,503,964	173,906	4,677,870
Total Exp Authority	111,603,813	118,650,440	3,534,552	1,470,265	-	123,655,257	(13,601,439)	110,053,818
Reimbursements	(3,435,866)	(4,096,495)	-	-	-	(4,096,495)	-	(5,175,391)
Total Appropriation	108,167,947	114,553,945	3,534,552	1,470,265	-	119,558,762	(14,680,335)	104,878,427
Oper Transfers Out	6,288,825	6,742,753	-	-	-	6,742,753	(1,100,000)	5,642,753
Total Requirements	114,456,772	121,296,698	3,534,552	1,470,265	-	126,301,515	(15,780,335)	110,521,180
Departmental Revenue								
Realignment	59,857,469	66,771,891	2,706,406	(1,187,310)	-	68,290,987	(17,225,687)	51,065,300
State, Fed or Gov't Aid	51,054,261	50,709,147	828,146	2,657,575	(832,587)	53,362,281	2,536,589	55,898,870
Current Services	267,604	268,499	-	-	-	268,499	(895)	267,604
Other Revenue	1,434,685	1,704,408	-	-	-	1,704,408	(257,755)	1,446,653
Total Revenue	112,614,019	119,453,945	3,534,552	1,470,265	(832,587)	123,626,175	(14,947,748)	108,678,427
Local Cost	1,842,753	1,842,753	-	-	832,587	2,675,340	(832,587)	1,842,753
Budgeted Staffing		686.2	-	-	-	686.2	(120.3)	565.9

Budget Highlights:

The majority of Behavioral Health services are funded with State Realignment revenues. In recent years, the budget has included a combination of ongoing realignment funds as well as use of unspent realignment fund balance. To better align spending with receipt of ongoing realignment funding, the department made significant cuts in the 2003-04 budget and proposes additional reductions in salaries and benefits of \$6.5 million, services and supplies of \$7.1 million, and capital improvements of \$1.1 million (renovation of building H) in the 2004-05 budget.

The net change to budgeted staffing is a reduction of 120.3 positions. The majority of these positions are currently vacant due to attrition and the county's hiring freeze. The department is working with Human Resources to transfer staff from unfunded positions to other positions in the county. These reassignments and transfers will minimize the need for layoffs.



The reduction in services and supplies is primarily due to a \$8.3 million reduction in contracted services partially offset by an increase in computer software of \$1.9 million. The department intends to preserve current service levels to its target population (Medi-Cal eligible children/families and persistently mentally ill adults) by eliminating services to non-targeted population, which are predominantly realignment funded. Furthermore, the proposed contracted services will allow the department to maintain a network of community-based sub-contractors in geographic areas not served by DBH clinics. Computer software increased due to the implementation of a new Medical Information System (Meditech), which is necessary as the existing system is outdated and no longer supported by the vendor.

As a result of these department recommended cost reductions, realignment revenue is decreased by \$17.2 million. However, Board approved base and mid-year changes partially offsetting the decrease, bringing the total realignment savings to 15.7 million.

The increased in state and federal revenue is primarily due to increased billing rates and increased in the number of services provided to Medi-Cal/Early, Periodic, Screening, Diagnostic, and Treatment (EPSDT) eligible children.

DEPARTMENT: Behavioral Health
FUND: General
BUDGET UNIT: AAA MLH

SCHEDULE A

MAJOR CHANGES TO THE BUDGET

	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
2003-04 FINAL BUDGET	686.2	121,296,698	119,453,945	1,842,753
Cost to Maintain Current Program Services				
Salaries and Benefits Adjustments	-	2,878,579	2,878,579	-
Internal Service Fund Adjustments	-	655,973	655,973	-
Prop 172	-	-	-	-
Other Required Adjustments	-	-	-	-
Subtotal	-	3,534,552	3,534,552	-
Board Approved Adjustments During 2003-04				
30% Spend Down Plan	-	-	-	-
Mid-Year Board Items	-	1,470,265	1,470,265	-
Subtotal	-	1,470,265	1,470,265	-
Impacts Due to State Budget Cuts	-	-	(832,587)	832,587
TOTAL BASE BUDGET	686.2	126,301,515	123,626,175	2,675,340
Department Recommended Funded Adjustments	(120.3)	(15,780,335)	(14,947,748)	(832,587)
TOTAL 2004-05 PROPOSED BUDGET	565.9	110,521,180	108,678,427	1,842,753

SCHEDULE B

DEPARTMENT: Behavioral Health
FUND: General
BUDGET UNIT: AAA MLH

IMPACTS DUE TO STATE BUDGET CUTS

Brief Description of State Budget Cuts	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
Managed Care Allocation	-	-	(832,587)	832,587
The managed care allocation was reduced during the 2003-04 budget. Due to the state budget crisis, the Department believes that a managed care reduction in the 2004-05 is likely to happen. However, legislation must be put in place to modify the allocation. If this occurs, Realignment revenue will be used to offset this reduction.				
Total	-	-	(832,587)	832,587



SCHEDULE C

DEPARTMENT: Behavioral Health
 FUND: General
 BUDGET UNIT: AAA MLH

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1. Reduce Payroll costs associated with Employment Services Specialist (ESS). Less than anticipated ESS positions from Human Services Systems.	-	(433,470)	-	(433,470)
2. Medical Staff (MD) Deleted contract psychiatrist positions due to restructuring the Medical Staff.	(3.8)	(634,000)	-	(634,000)
3. Delete 116.5 positions - Delete 96.0 positions that became vacant during FY2003-2004 and remained unfilled due to a hiring freeze. - Delete 16.0 filled positions that are unfunded for FY 04-05. The department is trying to place incumbents in other departments budgeted vacant positions. - Add a 0.5 Business Application Manager for ongoing support of the Department's Information technology systems and to assist with the implementation of Meditech. - Delete a net of 5.0 clerical and program positions due to transfers in/out between Behavioral Health and Alcohol and Drug. The department is trying to mix mental health professionals with alcohol and drug professionals to better serve clients with co-occurring diagnoses (mental health and substance abuse).	(116.5)	(5,513,682)	-	(5,513,682)
4. Services and supplies Reduce services and supplies by \$522,398 associated to the staffing reductions and increase contracts with incorporated MD to compensate for fewer staff MDs by \$193,379.		(329,019)	-	(329,019)
5. Decrease in Internal Service Funds services The following changes were made in services and supplies: increase cellular charges, shredding, and grounds and maintenance and decrease presort and packaging, records storage, courier and printing, Distributed Equipment, and ISD Direct labor.		(174,412)	-	(174,412)
6. Eliminate Indigent Contracts The department of Behavioral Health (DBH) currently reimburses local area Fee-For-Service (FFS) hospitals for psychiatric inpatient stays of medically indigent clients. These contracts are scheduled to be terminated to reduce reliance on Realignment. The department is developing a plan to address the needs of these clients by using existing resources and by providing alternative level of care.	-	(847,625)	-	(847,625)
7. Reduce Service Contracts The department is in the process of restructuring several mental health contracts and will be terminating a number of the residential and EPSDT contracts. DBH has plans to shift existing treatment staff into Early, Periodic, Screening, Diagnostic, Treatment (EPSDT) service areas to provide services that will be lost due to contract terminations. These costs were primarily funded by Realignment.	-	(7,473,881)	-	(7,473,881)
8. Reduction in remote Pharmacy Costs Due to the new pharmacy benefit manager contract, the department estimates savings in remote pharmacy costs. These costs were funded with Realignment.	-	(167,795)	-	(167,795)
9. Meditech - Client Data System New client data system currently being evaluated for implementation in FY2004-2005. This line-item is for software licenses and costs associated with the installation and program support. Training and other related costs are not included in this line item. This is a one-time expenditure and it is necessary as the current system is outdated, not HIPAA compliant, and is no longer supported by the vendor.	-	1,923,200	-	1,923,200
10. Other miscellaneous changes The following changes were made in services and supplies: decrease phone services, food, equipment, training, special expense, general office expense, travel, mileage, advertising, and cowcap. These reductions were partially offset by increases in computer software, utilities, and rents.	-	(52,187)	-	(52,187)
11. Other Charges Decrease in interim funding to clients requiring placement, but either awaiting Social Security (SSI) approval or are not financially able to provide for their care.		(72,474)	-	(72,474)



SCHEDULE C

DEPARTMENT: Behavioral Health
 FUND: General
 BUDGET UNIT: AAA MLH

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
12. Transfers Out - Eliminate Children's System of Care (CSOC) grant The CSOC grant was only funded for half a year in 2003-04 and will not be funded in the 2004-05 budget year. The affected departments are: Public Health (\$229,000) and the Department of Children Services (\$185,088).	-	(414,088)	-	(414,088)
13. Transfers out - Lease costs Changes in lease costs are as follows: a decrease of (\$296,829) due to closing five locations and relocating the staff to surrounding DBH clinics. Also, the DBH Warehouse lease was terminated and relocated to the Gilbert Street complex, a county owned facility. An increase of \$556,092 as a result of DBH paying the Department of Real Estate for Alcohol and Drug Services' (ADS) lease costs. DBH is getting reimbursed for these costs.	-	259,263	-	259,263
14. Transfers out - Administrative Support/EHAP Transfers to Human Services Systems for administrative support in the areas of contracts and information systems increased by \$266,500; transfers to Alcohol and Drug Services for program support increased by \$58,541; and EHAP increased by \$3,690.	-	328,731	-	328,731
15. Reimbursements The following changes were made to reimbursements: Eliminate transfers related to the Repeat Offenders Prevention Program (ROPP) from Probation; increase transfers for Program Manager and intensive Day program (SHAC beds) funded by the Department of Child Support and increase transfers from ADS for rent and administration support.	-	(1,078,896)	-	(1,078,896)
16. Decrease in Operating Transfers Out The following changes to Operating Transfers out were made: a decrease due to elimination of the capital improvement project to renovate Building H, located on the Gilbert Street Complex, due to budget constraints and conclusion of the Phoenix project, partially offset by an increase in Inpatient Managed Care costs. All these costs were funded by Realignment.	-	(1,100,000)	-	(1,100,000)
17. Decrease in Realignment The Department developed a strategic service plan intended to define strategies that meet the needs of priority target populations while recognizing budgetary constraints. The main goals of this new focus is to preserve clinical services to its target population (Medi-Cal eligible children/families and severely persistently mentally ill adults and to better align spending with ongoing Realignment funding. The 2004-05 proposed budget would reduce the Department's reliance upon realignment by approximately \$15.7 million - target increased \$2.6 million, Mid-year decreased (\$1.2) million, and program funded adjustment decreased (\$17.2) million.	-	(17,225,687)	17,225,687	
18. EPSDT growth FY 2002-03 and FY 2003-04 Estimates indicate anticipated EPSDT net growth for these two fiscal years in the amount of \$1.8 million.	-	-	1,789,595	(1,789,595)
19. Anticipated increase in Medi-Cal FFP Estimated \$2.59 million growth due to increased billing rates, adjusted based on actual costs to provide services. Also, DBH will be providing an increased number of services to Medi-Cal/EPSDT eligible children.	-	-	2,586,267	(2,586,267)
20. State/Federal Aid Decreases in state/federal revenue are due to the following: the conclusion of the MIOCR grant and the Vocational Rehabilitation grant, and decreases in Medicare.	-	(1,839,273)	1,839,273	
21. Current Services Minor decrease in private pay.	-	(895)	895	
22. Miscellaneous change to other revenues Decrease in Institutes of Mental Disease - SSI payments. There was also a decrease in expenses related to this revenue. See Other Charges, line item #11.	-	(257,755)	257,755	
Total	(120.3)	(15,780,335)	(14,947,748)	(832,587)



SCHEDULE D

DEPARTMENT: Behavioral Health
 FUND: General
 BUDGET UNIT: AAA MLH

POLICY ITEM REQUESTS

Ranking	Brief Description of Policy Item	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1	Restore indigent contracts To maintain the current system of indigent care. Realignment will be used to offset costs.	-	550,000	550,000	-
Total		-	550,000	550,000	-

These contracts will be terminated at the end of June 2004 to reduce reliance on Realignment. The Department is developing a plan to meet the need of these clients by using existing resources and by providing alternative levels of care. However, the Department believes that partially funding these contracts is necessary for a smooth transition of clients.

SCHEDULE E

DEPARTMENT: Behavioral Health
 FUND: General
 BUDGET UNIT: AAA MLH

FEE REQUEST SUMMARY

Brief Description of Fee Request	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
Behavioral Health Continuing Education Course and Certificate Reimbursement of costs for providing classes and official documentation of Continuing Education Units to non-County behavioral health professionals required to maintain state licensing. The estimated revenue is \$26,370 and will offset the use of realignment.	-	-	-	-
Behavioral Health Release of Medical Records This fee is currently charged by DBH per Standard Practice to provide copies of requested, releaseable medical record information and matches the medical record fee charged by ARMC. There is no financial impact since this action synchronizes the County's Fee Ordinance with the DBH Standard Practice already in place to collect and use these fees. The estimated revenue already included in the budget is \$45,360.	-	-	-	-
Total	-	-	-	-

